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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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IN REPLY REFER TO:

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CN9300193

RECEIVED

FEB - 5 1993

Honorable John Danforth
United States Senate
249 Russell Senate Office Building
Washington, DC 20510

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Senator Danforth:

Thank you for your letter on behalf of Rolla E. Chandler of Sullivan, Missouri. Your constituent objects to rate increases by his local cable television operator.

The Commission has a clear understanding that Congress adopted the Cable Act of 1992 to constrain unreasonable cable rates. The Commission is in the process of formulating rules implementing the rate provisions of the law and is seeking public comment on those provisions that address rate rollbacks, refunds, and evasions of statutory requirements. The Commission will attempt to implement these provisions faithfully, and will consider the conduct of the cable industry during the interim period in deciding what kind of regulation is needed.

Your constituent's letter will be placed in the record of this proceeding so that the Commission can be mindful of his concerns during its deliberations. I trust that the foregoing and the enclosures are informative.

Sincerely,

Roy J. Stewart

Roy J. Stewart
Chief, Mass Media Bureau

Enclosures

No. of Copies rec'd 0
List A B C D E

Congressional

CONGRESSIONAL CORRESPONDENCE TRACKING SYSTEM
01/22/93

LETTER REPORT

CONTROL NO.	DATE RECEIVED	DATE OF CORRESP	DATE DUE	DATE DUE OLA(857)
9300193	01/22/93	01/13/93	02/04/93	

TITLE	MEMBERS NAME	REPLY FOR SIG OF
Senator	John Danforth	BC

CONSTITUENT'S NAME	SUBJECT
Rolla Chandler	inq. re: rate regulation & 92 Cable Act

REF TO	REF TO	REF TO	REF TO
MMB	Enf	C + J	
DATE	DATE	DATE	DATE
01/22/93	1-25-93	1-25	

REMARKS:

25 JAN REC'D

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United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

MMB
catv-rates
193

January 13, 1993

Ms. Linda Solheim
Director, Legislative Affairs
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Ms. Solheim:

Enclosed is a copy of a letter that was sent to me by Mr. Rolla Chandler of Sullivan, Missouri. Mr. Chandler is concerned about his cable company's latest rate increase.

Please take Mr. Chandler's concerns into account in implementing the Cable Television Consumer Protection and Competition Act of 1992.

Thank you for your consideration.

Sincerely,



John C. Danforth

Enclosure

COMMERCE COMMITTEE
93 JAN -3 PM 3:49

Dec. 12, 1.

Senator John C. Danforth
United States Senate
Washington, D. C. 20510-6125

Dear Senator Danforth:

I enclose a copy of my letter of Dec. 9th, addressed to Falcon Cable TV - our local TV Cable Company. You may find it of interest.

Would you please send a copy of it (and attachments), to the appropriate FCC office?

Sincerely,

Rolla E. Chandler

Mr. Rolla E. Chandler
28 Grigsby Street
Sullivan, MO 63080

Dec. 9, 1992

Mr. Ron Hall
General Manager
Falcon Cable TV
1015 C. Washington Square
Washington, Mo. 63090

Dear Mr. Hall: Acct. # 8752 11 060 0029797

I enclose your monthly bill and my check to cover it in the amount of \$26.88.

I have also received your recent notice advising me of your plans to again raise your cable TV rate in the next few weeks.

We have lived here since Sept. of 1988. As close as I can figure, our TV rate in the spring of 1989 was \$20.66 per month. With your current increase, it will be \$29.28 per month. That is a 42% increase in 4 years time!!

I presume you are hurrying this latest rate increase through before new Federal rules go into effect the first part of next year? (At least that is what a St. Louis TV news report a few days ago said) Also see the enclosed clip from the St. Louis paper of Dec. 10th.

I feel I will get \$1.00 a day of good TV use after the rate increase goes into effect - but guess the "Sky is the limit" with you folks. Unless there is competition - or restrictive regulations, I would expect to be paying \$45 or \$50 per month 4 years from now.

If you folks are in fact losing \$1,216,327 a year in this area, as your brochure claims, why don't you simply go out of business?

For the record, I object to your latest rate increase.

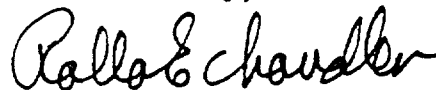
cc to:

-Falcon Cable TV
Los Angeles, Calif.

-Falcon Cable TV
Kansas City, Mo.

-Senator John Danforth
Washington, D. C.

Sincerely,



Mr. Rolla E. Chandler
28 Grigsby Street
Sullivan, MO 63080

Sullivan Indep. News
12/9/92

carried.

The City Attorney Report

1) Cable TV Franchise Renewal-Needs Assessment

The City Attorney submitted a sample questionnaire for consideration of mailing throughout the community in order to help determine the desires of the citizens regarding cable television. After reviewing and making some minor revisions, it was the Board's general consensus to mail out the forms. Alderman Schatz made a motion allowing staff to send out the forms to the citizens. Alderman Bryant seconded the motion and it carried.

St. Louis Post-Dispatch - 12/10/92

FCC Is Asked To Scrutinize Cable Increases

By Robert L. Koenig

Post-Dispatch Washington Bureau

WASHINGTON — A group of influential legislators, including Sen. John C. Danforth, asked a federal agency on Wednesday to scrutinize cable television firms that have moved recently to increase their rates.

Danforth, R-Mo., joined three other senators and two House members — all prime sponsors of the bill that Congress approved in October to regulate cable TV rates — in urging Federal Communications Commission Chairman Alfred C. Sikes to examine recent rate increases.

"In what appears to be an attempt to evade the [new cable TV] law, many cable companies are raising rates before the FCC's state regulations are in place," the six legislators wrote in a letter sent Wednesday to Sikes.

The new cable law — which Danforth helped enact over the veto of President George Bush — gives the FCC and local governments more authority to regulate some types of cable TV rates. But the FCC is not scheduled to complete the new regulations until spring.

Meanwhile, several cable firms — including Cencom Cable Television, which serves more than 110,000 customers in the St. Louis area — recently announced rate increases. On Nov. 30, Cencom said it planned to increase basic rates by \$1.95 a month, starting next month. Also, some cable companies have challenged the new law in court.

In their letter to Sikes, Danforth and the other legislators said the FCC has the authority under the new law "to order rate rollbacks and to take action to prevent cable operators from evading the rate-regulation provisions of the law."

The legislators added: "We urge [the FCC] to pay particular attention to those cable operators who rush through rate increases in anticipation of rate regulation."

October 30, 1992

Dear Customer,

Falcon Cable Continues To Reinvest Significant Dollars In Your Local Economy.

In addition to our commitment to bring you the finest television entertainment available, it is also important for you to realize that WE ANNUALLY REINVEST A SIGNIFICANT AMOUNT OF MONEY IN THE LOCAL ECONOMY. Despite the economic reality of many businesses either closing or cutting back their operations, we have continued to reinvest dollars every year in our operating region of Washington which includes your community. This would not have been possible without your support and we thank you for being our customer. To give you a better understanding of the dollars we provide to the local economy, below are some examples for the 1992 calendar year.

1992 Community Reinvestments

• Fees Paid to Local Government	\$ 184,059
• Property Taxes	\$ 112,246
• Utilities	\$ 57,100
• Employee Salaries & Benefits	\$ 364,982
• Local Donations	\$ 2,142
• Vehicle Service & Maintenance	\$ 6,370
• Office Supplies	\$ 2,837
Total 1992 Reinvestment	\$ 729,739

In addition to the above, we spend a significant amount in plant and equipment. These dollars are used to improve and maintain the cable system, which in turn allows us to provide better picture quality and/or additional channel capacity for new cable channels. These dollars also help the local economy because our contractors often employ local citizens to assist in completing capital projects. Listed below is the amount of dollars invested in capital improvements.

Capital Expenditures

1/1/89—7/31/92	\$3,762,881
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Falcon Cable TV
1015 C Washington Square
Washington, MO 63090

Open Immediately
Important Customer
Information Enclosed

*****CAR-RT-50RT** CR-02
ROLLA CHANDLER
WASI CAR T0004 00034
28 GRIGSBY ST
SULLIVAN MO 63080-2004

PRESORTED FIRST CLASS
U.S. POSTAGE PAID
VAN NUYS, CA
PERMIT # 1167

Community Involvement

In addition to the dollars we reinvest in the local economy, we have been and will continue to be actively involved in supporting various national causes as well as those in your community. Below are some of the programs where we have expended our time, money and energy:

■ Cable in the Classroom

As a founding member of *Cable in the Classroom*, we provide a service which seeks to match the resources of cable television with the needs of schools. By the early part of 1993, we will have provided free cable service to 100% of all public junior high, senior high, and elementary schools passed by cable. This service allows teachers access to over 500 hours of commercial-free educational programs each month. We have also supplied television sets, VCR's and other A/V equipment to the schools—**ALL FREE OF CHARGE!** In addition, we provide several copies of the *Cable in the Classroom* program guide with a complete listing of cable's educational programs.

■ Local Organizations

We support local organizations including but not limited to the following: Little League, Special Olympics, Volunteer Firemen, community outreach programs and other youth sports associations. Our contributions include financial and service donations as well as time volunteered by our local cable system employees.

■ Holiday Toy Drive

Every year, we work to make a child's holiday a little happier with a campaign that collects toys for needy children. When you donate a toy, we install basic cable for free.

■ Comic Relief

We proudly support HBO every year with their Comic Relief benefit. The annual benefit is hosted by Billy Crystal, Whoopi Goldberg and Robin Williams, and raises funds to help solve the homeless crisis. By promoting the program and making it available to all of our customers, we are able to help generate donations for this worthy cause.

■ The Cystic Fibrosis Foundation

In the past two years, we have raised over \$482,000 for Cystic Fibrosis. This fatal disease affects over 30,000 children and young adults annually, and thanks to the generous support of our customers and the efforts of our employees, this donation will make a difference in many lives and bring us closer to a cure.

■ Drug Prevention Program

Our participation in local community outreach programs with civic leaders, service clubs and educators has allowed us to support efforts to educate parents and children about the psychological and physical impact of drug use. Education is the key to awareness which in turn can help kids find solutions to problems without turning to drugs.

■ Nickelodeon's Safe Kids Program

Accident prevention for children is the responsibility of everyone, which is why we've joined with Nickelodeon to provide important safety programs for schools. Cable system representatives volunteer their time visiting school classes with local policemen and firemen to present a Nickelodeon-developed program and Teacher's Guide filled with fun learning activities that teach children to be more safety conscious.

WE BELIEVE THAT BEING PART OF THE COMMUNITY MEANS CONTRIBUTING TO ITS SOCIAL AND ECONOMIC WELFARE. WE WILL CONTINUE TO BE INVOLVED IN A NUMBER OF COMMUNITY PROGRAMS NEXT YEAR AND IN THE YEARS TO COME.

* * * * *

Putting Price in Perspective

The economy is playing havoc with the costs of goods and services across the country. Recent price swings of other products reinforce the fact that now, more than ever, CABLE TELEVISION IS A GREAT VALUE.

■ Convenience

We bring you HOME ENTERTAINMENT AT ITS BEST 24 hours a day, seven days a week, and we never take a vacation. More news, more sports, more information—at your fingertips whenever you want. With so little free time, cable provides hassle free entertainment.

Putting Price in Perspective, cont.

■ Award-winning original programs

Cable has it all...

- Children's programs
- Comedy series
- Music specials
- Nature and science documentaries
- Performing arts
- 24-hour sports, boxing, baseball, basketball & more
- 24-hour news
- 24-hour movies

■ Blockbuster movies

Cable is the only place to get the best movies all day, every day—classics, westerns and recent releases. For even more movie magic, you can order a premium network.

■ Little screen prices for big screen entertainment

Remember television before cable? Thanks to cable, you now have 24 hour news, sports and movies instead of just twice a day. With cable you are treated to exclusive, innovative original programming in your home. When you look at the big picture, we think you'll agree: cable TV brings you valuable entertainment—big screen programming at a small screen price.

■ Economically priced

Did you know?

- Over the past 10 years, the cost of major league baseball tickets rose 72% (not including hot dogs, peanuts and beverages).
- Football season tickets increased by 260%.
- A one-day's admission to an amusement park can cost as much as \$29 for an adult and \$23 for a child.
- Car insurance has gone up more than double the consumer price index.
- Movie ticket prices have increased from about \$2.50 in 1980 to \$6 and more.

Now compare...

Compare the cost of cable service at less than one dollar a day to the cost of other entertainment options.

• Cable TV vs. going to the movies

A family of four can expect to pay more to attend one two-hour movie than they would for an entire month of basic cable service. And cable TV costs the same each month, no matter how many members of your family are enjoying the evening's entertainment!

• Cable TV vs. Renting Videos

An average family spends \$12 - \$14 a month to rent 5 videos. A cable subscription gives you more than 70 selections each month and costs less.

• Cable TV vs. Buying Newspapers and Magazines

USA Today costs 50 cents a day. For just a few pennies more, cable TV brings you in-depth national and international news coverage 24-hours-a-day.

* * * * *

Why Cable Rates Increase

We are all concerned about rate adjustments. We have, and will continue to do our best to keep these adjustments as reasonable as possible. Despite our efforts, a number of factors are beyond our control. We thought it would be helpful to outline **SOME** of the reasons for the rate adjustments that take place in cable television services.

■ Cable companies pay substantial fees to the cable networks like CNN, ESPN, and USA. These fees account for a significant portion of your monthly bill. These fees go up every year and have increased at a significantly greater rate than the rate of inflation. In fact, the fees we pay to some program suppliers have increased at a much greater rate when compared to the adjustments on your cable rates. Also, these program supplier fees are not subject to regulation at any level.

■ Hollywood also gets a piece of your cable dollar. Producers, directors and actors are paid residuals on imported broadcast TV programs carried on cable. These residuals are paid through your cable bill into a pool of money called **COPYRIGHT** and are distributed to the creators of these TV shows by the Copyright Royalty Tribunal.

■ In addition to normal operating overhead costs, we pay the local utility companies monthly rental fees to place cable TV equipment on the utility poles. In a majority of cases, these have increased and continue to increase much faster than the rate of inflation.

■ When the city, county or state makes road improvements, we are forced to spend hundreds of thousands of dollars relocating cable equipment along the streets, roads and highways being improved. Your cable dollars are used to pay for the cost to relocate cable TV equipment and plant. In some cases these expenditures, over which we have little control, are so large that 100% of a single year's rate increase will not cover the mandatory expenditure.

For the past two years, we have voluntarily provided to your local government a profit and loss statement that reflects the results of our operations for your community. In 1991, this statement reflected a loss of \$1,216,327 for your area. Based on our 1992 year to date results, we again do not expect to make a profit.

■ Existing government regulation increases the cost of our daily operations, which ultimately increases your monthly bill. Compliance with various regulations and laws such as Syndex, ADA, OSHA and FCC Technical Standards are only a few of the regulations which effect our industry. Each of these regulations require time, money and equipment from us, the cable company, in order to be in compliance. The net effect is that you, our customer, see the effect of these regulations in your monthly bill. As you can see, we are currently regulated, and these regulations only increase your cable bill.

■ In addition to the existing regulations imposed on us by local, state and federal governments, Congress recently passed a new cable bill designed to increase the amount of regulation. It was portrayed as a consumer protection bill but in reality the consumer will lose. The real beneficiaries of the cable bill will be special interest groups in general and local broadcasters specifically. The President vetoed this bill, but it was overridden by the Congress. This bill could require us to spend millions of dollars for payments to local broadcasters and/or unnecessary equipment which we will be required to place in your homes. It's unfortunate that government cannot see that this legislation, which requires us to spend unnecessary dollars, is not in the consumer's best interest and could result in reductions of services and/or higher rates. It is unfortunate that Congress has overridden the President's veto. Our rates in this letter have not yet reflected this reality.

* * * * *

Rate Adjustments

Good customer service, clear reception and great programming are the basics of our business. As we have pointed out throughout this newsletter, the costs of operating your cable system continue to increase faster than the rate of inflation.

In the current economic environment, we realize that it is important to you that we keep our rate adjustments as reasonable as possible. Despite the perception that the cable industry is generating excessive profits, our business still makes little or no profit. This is in part due to the capital intensive nature of the cable industry and the cost of operating a cable TV system.

For the past two years, we have voluntarily provided to your local government a profit and loss statement that reflects the results of our operations for your community. In 1991, this statement reflected a loss of \$1,216,327 for your area. Based on our 1992 year to date results, we again do not expect to make a profit.

This newsletter is intended to help you understand the periodic need for rate adjustments in cable TV service. You will notice that this year we are once again holding rates flat on many of the services we provide. We continue to do everything possible to limit rate adjustments by controlling expenses in every category we can, while still providing the broadest range of cable TV programming possible within these financial limitations. Effective January 1, 1993, the following changes in cable rates will take effect.

Sincerely,

Ron Hall

General Manager

Nov 5/92
RHL

Rate Adjustment Schedule*

Cable Service	Current Rate	New Rate
Antenna Basic	\$ 18.90	\$ 19.85
Senior Antenna Basic	\$ 17.01	\$ 17.86 ✓
Tier I	\$ 4.50	\$ 5.80 ✓
Additional Outlet Basic	\$ 4.50	\$ 4.75 ✓
The Disney Channel	\$ 10.50	No Change
The Movie Channel	\$ 10.50	No Change
Showtime	\$ 10.50	No Change
HBO	\$ 10.50	No Change
Cinemax	\$ 10.50	No Change
Remote Control	\$ 3.95	No Change
Learning Remote	\$ 4.95	No Change

Copyright fees
Franchise fees

.09
.15

\$ 29.28

*The Rate Adjustment Schedule does not include applicable taxes and fees which are shown as separate line items on your bill. In addition, an increase or the initiation of a copyright fee is not reflected above, and if applicable will be included as a separate line item in your bill.